



Construction and Mining Technique

Björn Rosengren



Atlas Copco Rock Excavation Center



- Surface Drilling Equipment division at Eyra Works.
- Avos works, including Rocktec and Underground Rock Excavation divisions

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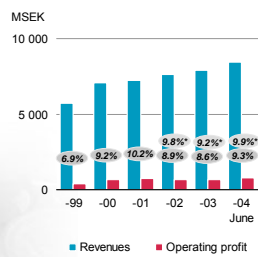
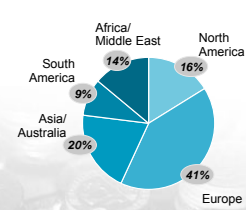
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June 2004
12 month figures



* Excluding restructuring costs



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Markets / Customers

Construction

- > 50% of Business Area
 - Tunnelling and road construction
 - Dam construction
 - Quarrying
 - Water well
 - Breaking and demolition
 - Ground engineering
- Demand keys
 - Infrastructure- and public investments
 - Non-building construction activity

Mining

- < 50% of Business Area
 - Production and development work
 - Underground and surface mining
 - Loading and haulage
 - Exploration drilling
- Demand keys
 - Mining machine investments
 - Ore production

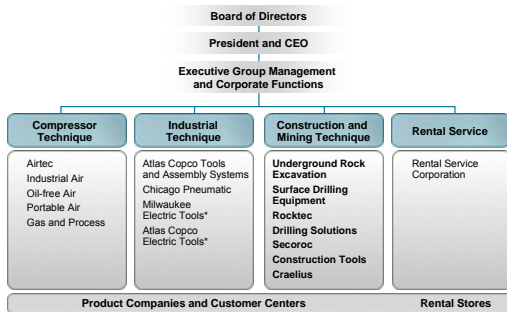
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The Atlas Copco Organization



*To be divested
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Underground Rock Excavation

Underground Rock Drilling and Reinforcement Front End Loaders and Mine Trucks



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Surface Drilling Equipment



Rocktec

Rock Drills Manufacturing and Development



Drilling Solutions

Rotary and Deephole



Secoroc
Rock Drilling Tools




Atlas Copco






Craelius
*Geotechnical Drilling Equipment
 Prospecting and Ground Engineering*



Atlas Copco

Geotechnical Drilling Equipment in 12 years
All acquisitions are operating under the Atlas Copco brand

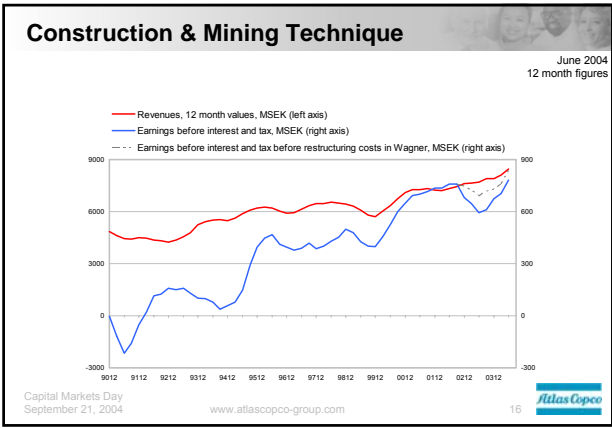


				
Products	Products Territory	Products Territory	Products Territory	Products Territory
1992	1998	2000	2001	2004

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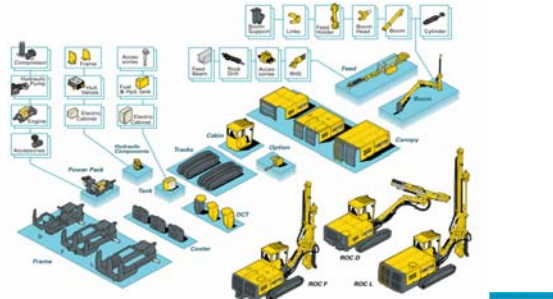






Modular design concept

Example surface drill rigs ROC D, F and L



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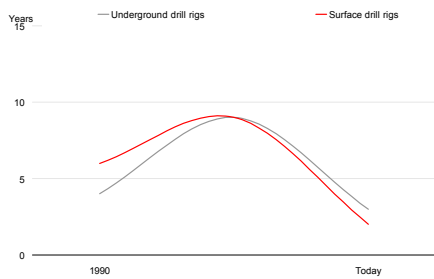
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Research and Development

Average product age - drill rigs



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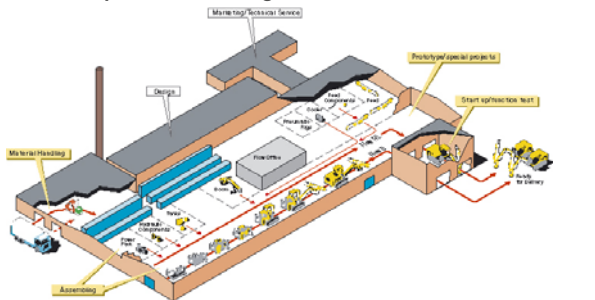
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Flow Manufacturing

Example surface drill rigs



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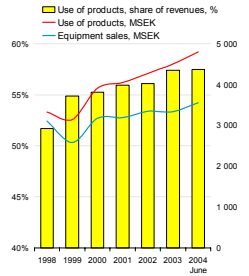


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Aftermarket - Use of Products

June 2004
12 month figures

- Consumables
 - Outsourcing
 - Logistics management
- Service and Spare Parts
 - Service contracts
- Rental



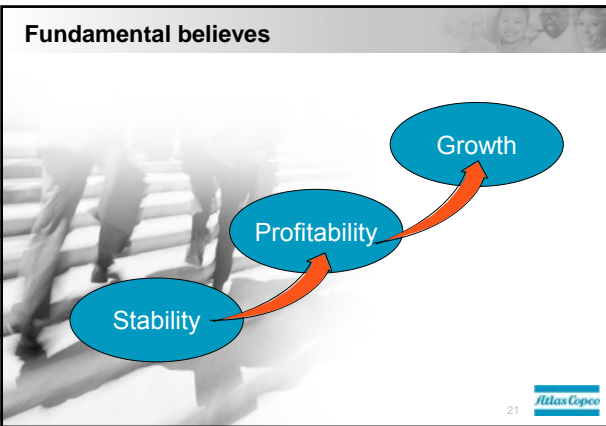
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Fundamental believes



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Vision

- Atlas Copco Construction and Mining Technique shall be considered **first in mind and first in choice** as supplier of equipment and aftermarket services, for rock excavation and demolition applications, to the Mining and Construction industry
- Growth shall come from a strong underlying organic growth, as well as from acquisitions

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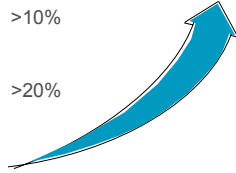
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Financial Targets

Growth: >8% pa

Operating margin (EBIT): >10%

ROCE: >20%



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Strategy

Organic Growth and Acquisitions



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Research and Development

New product development

- New products and solutions, the driving force in organic growth
- Extend the product offer based on modular design concept
- Design and ergonomics
- Develop intelligent product concept



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Aftermarket concept

Aggressive growth of aftermarket business

- Develop global service concept/competence
- Introduce fleet management system
- Introduce more aftermarket products
- Focus through a separate organisation



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Key account strategy

- A closer partnership relationship between customers and suppliers, when possible based on performance contracts.



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Acquisitions / Divestments

Year	Aquisition	Divestment
1998	JKS Boyles	Robbins TBM
2000	Hobic	JKS Lamage
2001	Christensen Products	
2002	Ankertechnik (MAI) Krupp Berco Bautechnik	
2003	Professional Diamond Drilling Equipment and Mining Drilling Services Shenyang Rock Drilling Machinery	
2004	Ingersoll-Rand Drilling Solutions Baker Hughes Mining Tools Rotex Oy	

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Surface mining



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Ingersoll-Rand Drilling Solutions

Acquisition

- A perfect strategic fit
 - Scope of supply – surface mining
 - Geographical coverage
- Synergies in manufacturing, product development, sales, distribution and aftermarket.
- Revenues approximately MUS\$ 300
- Purchase price MUS\$ 225
- Closed June 30, 2004



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Baker Hughes Mining Tools

Acquisition

- A perfect complement of consumables
 - Tricone bits for large diameter rotary drilling
 - Raise boring and shaft equipment
- Atlas Copco will be able to offer complete product assortment to surface mines
- Synergies in manufacturing, product development, sales, distribution and aftermarket
- Revenues approximately MUSD 40



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Rotex Oy

Acquisition

- Gives a leading position in consumables for overburden drilling
- Strong patented product portfolio complement existing product range
- Expanded geographical coverage
 - e.g. North America and Greater China
- A strong center for manufacturing, product development, sales and distribution of consumables for overburden drilling
- Fast growing and profitable business
- Revenues approximately M€ 8



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People

- Competent and committed people
- Management resources
- Internal job market



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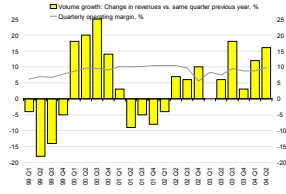
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Q2 Summary

- Order volume growth 14%
 - Strong demand from mining industry. Volume growth in all product areas.
 - Improved demand for construction equipment continued with growth in all important markets.
- Profit margin improved
 - Higher revenue volume, price increases and efficiency improvements.
- Acquisition of Ingersoll-Rand Drilling Solutions finalized



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Summary

- Leading market position globally following acquisitions with perfect fit
- Pro forma growth >40%
 - Volume, price ~12%
 - Acquisitions >30%
- Strong foundation for organic growth
- Integration of acquisitions and efficiency improvements



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